

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL MEMORANDUM**

**HB 1293 – SB 1512**

April 16, 2009

**SUMMARY OF AMENDMENT (006533):** Deletes the language of the original bill. Requires all DUI offenders to have an ignition interlock device (IID) installed and operating on their respective motor vehicle for a period of time dependent upon the number of DUI convictions for any such offender. Requires offender to pay all costs associated with having an IID installed on their motor vehicle, unless determined by the sentencing court that such offender is indigent. Requires the courts to conduct hearings to determine whether an offender should be considered indigent. Creates the Interlock Assistance Fund (IAF) from which monies will be utilized to pay for an IID for offenders determined to be indigent. Requires a \$23.00 per month ignition interlock administrative fee be assessed to offenders required to have an IID installed on their motor vehicle. Requires funds derived from the ignition interlock administrative fee be deposited to the IAF. Creates a Class A misdemeanor for persons who tamper with an IID, or for persons who start a vehicle equipped with an IID for a DUI offender, for the purpose of operating a motor vehicle in an unauthorized manner.

**FISCAL IMPACT OF ORIGINAL BILL:**

(CORRECTED)

Increase State Revenue – Net Impact –

\$1,405,300/FY09-10

\$705,300/FY10-11 and Subsequent Years

Increase State Expenditures –

\$52,500/One-Time

Exceeds \$2,802,200/Recurring/Alcohol and Drug  
Addiction Treatment Fund

Increase Local Revenue - \$282,200/Recurring

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**HB 1293 – SB 1512**

**Increase State Revenue – Net Impact –**  
**\$2,190,000/General Fund/FY09-10**  
**\$1,490,000/General Fund/FY10-11 and Subsequent Years**  
**\$5,702,200/Interlock Assistance Fund/FY09-10 and**  
**Subsequent Years**

**Increase State Expenditures –**  
**\$52,500/One-Time/General Fund**  
**\$5,604,500/Recurring/Interlock Assistance Fund**

**Increase Local Revenue - \$562,400/Recurring**

Assumptions applied to amendment:

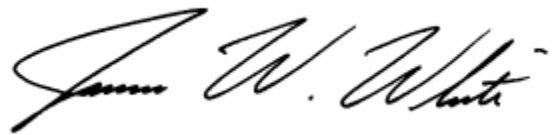
- According to the Department of Safety (DOS), the Department currently issues approximately 3,500 restricted licenses for DUI offenders who have had no prior DUI convictions in the past ten years. It is assumed this number will remain constant in subsequent years.
- DOS projects that 50 percent (1,750) will no longer require a restricted license and will instead request the 30-day suspension and the installation of an IID on their motor vehicle.
- The fee for obtaining a restricted license is \$67.
- The decrease of state revenue resulting from fewer restricted licenses is estimated to be \$117,300 per year ( $1,750 \times \$67 = \$117,250$ ).
- The Department of Safety indicates that approximately 14,000 reinstatements are processed each year for DUI offenders. Based on a \$100 reinstatement fee, current state revenue derived from such reinstatements is estimated to be \$1,400,000 per year ( $14,000 \times \$100 = \$1,400,000$ ). Under current law, this revenue is not recognized until the offender has served a one-year suspension period.
- Under this bill, DOS projects that 50 percent (7,000) will be able to reinstate within 90 days, as opposed to having to wait the current one-year period. As a result, approximately 50 percent of reinstatement fees (\$700,000), that would have been recognized in FY10-11 under current law, will be recognized in FY09-10 as the result of this bill. Therefore, a one-time increase to state revenue of \$700,000 for FY09-10.
- One-time computer and programming costs for DOS systems estimated to be \$52,500.
- DOS indicates that any additional cost to the Department for implementing the provisions of this bill would be considered not significant and can be accomplished with existing resources.
- DOS projects 100 new Class A misdemeanors each year.
- DOS indicates the average Class A misdemeanor fine to be \$500.
- Twenty percent will not pay fines due to indigence.

- Local government retains five percent of fine revenue as commission.
- The increase to state revenue derived from fines is estimated to be \$38,000 per year ( $100 \times \$500 \times 80\% \times 95\% = \$38,000$ ).
- The increase to local government revenue derived from fines is estimated to be \$2,000 per year ( $100 \times \$500 \times 80\% \times 5\% = \$2,000$ ).
- There were approximately 27,800 DUI convictions in FY07-08.
- The number of DUI convictions remains constant in subsequent years.
- One hundred percent of DUI offenders will be required to install an IID on their respective motor vehicle under this bill as amended.
- Twenty percent of DUI offenders (5,560) are estimated to be deemed indigent by the courts. The cost of installing an IID on vehicles of indigent individuals will be paid exclusively from the newly created Interlock Assistance Fund (IAF). The remaining 22,240 DUI offenders will pay all costs associated with the installation and maintenance of an IID on their motor vehicles.
- Of the 22,240 individuals who pay all costs associated with the installation and maintenance of an IID on their motor vehicle, 100 percent are assumed to pay the \$23 per month ignition interlock administrative fee as proposed.
- Of the 22,240 paying offenders, 18,960 are assumed first-time offenders; 2,480 second-time offenders; and 800 third-time offenders.
- The increase of state revenue deposited to the IAF is estimated to be \$5,702,200 per year  $[(18,960 \times \$23 \times 11 \text{ months}) + (2,480 \times \$23 \times 12 \text{ months}) + (800 \times \$23 \times 12 \text{ months}) = \$5,702,160]$ .
- Pursuant to Section 10 of this amended bill, no funds will be utilized from the Alcohol and Drug Addiction Treatment (ADAT) Fund.
- The minimum cost of having a motor vehicle equipped with an IID is estimated to be \$1,008 per year (or \$84 per month). This could be either a one-time cost if the device is purchased or an annual cost if the device is leased. Such amount is assumed to cover the cost of equipment, the maintenance, monitoring, and calibration of the equipment, and any fees retained by vendors who install and monitor such equipment.
- The increase of state expenditures from the IAF for the installation and maintenance of IIDs on motor vehicles of indigent individuals is estimated to be \$5,604,500 per year ( $5,560 \times \$1,008 = \$5,604,480$ ).
- State and local sales tax collections should increase due to sales and leasing of IID equipment.
- Approximately 22,240 individuals will have to pay the costs for installing an IID on their motor vehicle. As a result, taxable sales should increase by approximately \$22,417,900 per year ( $22,240 \times \$1,008 = \$22,417,920$ ).
- The current state sales tax rate is seven percent.
- The increase to state sales tax revenue is estimated to be \$1,569,300 per year ( $\$22,417,900 \times 7.0\% = \$1,569,253$ ).

- The average local option sales tax rate is estimated to be 2.5 percent.
- The increase to local government revenue attributable to sales tax is estimated to be \$560,400 per year ( $\$22,417,900 \times 2.5\% = \$560,447$ ).
- Based on information provided by the Administrative Office of the Courts, any increase to state expenditures resulting from reporting requirements to DOS is considered to be not significant and can be absorbed within existing resources.
- The net increase to the General Fund for FY09-10 is estimated to be \$2,190,000 (\$700,000 reinstatements + \$38,000 fines + \$1,569,300 sales tax - \$117,300 fewer restricted licenses = \$2,190,000).
- The net increase to the General Fund for FY10-11 and subsequent years is estimated to be \$1,490,000 per year (\$38,000 fines + \$1,569,300 sales tax - \$117,300 fewer restricted licenses = \$1,490,000).

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/rnc